

NASD DISPUTE RESOLUTION AWARD
NASD DISPUTE RESOLUTION

CASE: 05-02493

Russell E. Gurley, (Claimant) vs. Sentra Securities Corporation, (Respondent)

ATTORNEYS:

Claimant appeared pro se, Salem, OR.

For Respondent appeared in-house counsel John K. Fahey, Phoenix, AZ.

NATURE OF DISPUTE: Associated Person vs. Member

DATE FILED: May 3, 2005

CASE SUMMARY: Claimant alleged that Respondent breached the terms of an Independent Contractor Agreement by failing to repay monies owed for 12b-1 trails. Claimant maintained that due to Respondent's actions, he suffered financial losses.

ARBITRATOR'S REPORT: See attached Exhibit A.

Claim Data

Claim: \$20,000.00
Interest: \$10,000.00
Filing Fees: Unspecified
Specific Performance: Full accounting of
All 12b-1 trails paid on Claimant's behalf to
Sentra Securities.

Award Data

Award: \$.00
Interest: \$.00
Filing Fees: \$.00
Specific Performance: denied

AWARD: The undersigned arbitrator has decided and determined in full and final resolution of the issues submitted for determination as follows: 1) The claims of the Claimant are dismissed in their entirety. 2) All requests for interest are denied. 3) All other relief requests are denied. 4) NASD Dispute Resolution shall retain the \$425.00 filing fee that the Claimant deposited previously.

OTHER FEES: Pursuant to Rule 10333 of the Code, Respondent has paid to NASD Dispute Resolution the \$425.00 Member Surcharge previously invoiced.

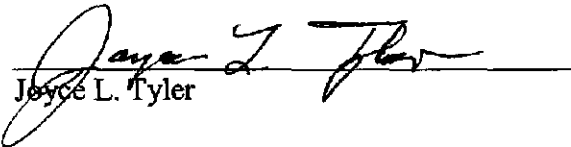
Page Two
Award 05-02493

Joyce L. Tyler

- Sole Non-Public Arbitrator

AFFIRMATION

I, Joyce L. Tyler, do hereby affirm, upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.


Joyce L. Tyler

10/22/05
(Signature Date)

October 27, 2005
Date of Service (For NASD-DR office use only)

EXHIBIT A

NASD NO. 05-02493

Claimant: Gurley

Respondent: Sentra Securities Corporation

Gurley resigned his Registered Representative position with Sentra effective August 17, 2004 and affiliated with Broker/dealer Independent Financial Group.

On or about September 3, 2004 Gurley paid Sentra the balance of a note due Sentra which cleared Gurley of financial obligation to Sentra.

On or about September 10, 2004 Sentra executed a block transfer to Gurley and subsequently paid Gurley certain outstanding commission fees due him.

What was not paid Gurley (and what is the substance of this dispute) were 12b1 or "trail" fees covering the calendar quarter June, July and August of 2004. Such fees are paid by mutual funds to qualified dealers in exchange for dealers providing certain shareholder services. These fees are paid quarterly and, by agreement between the fund and dealer, a share of such fees is to pass through to individuals (Registered Representatives) obligated to service the account(s). Sentra received an electronic transfer from American Funds of such 12b1 or "trail" fees on September 10, 2004

Gurley maintains he is entitled to his share of those trail fees in that they were earned by him in his service capacity during the quarter prior to his resignation from the firm on August 17, 2004. Obviously, Sentra had the service responsibility from August 17, 2004 forward, so Gurley's claim is for a pro-rata portion of the quarterly payment (June 1-August 16, 2004) and specifically for an approximate amount of at least \$10,000.

Gurley primarily bases his claim on item 1d of Exhibit A of the executed Independent Contractor Agreement between he and Sentra, which states in part: "...the income streams and other financial remuneration generated by commissions and/or fees paid by clients which I service, are considered to be my asset, and the Company makes no claim thereon."

Sentra states essentially that they were under no obligation to pay Gurley fees which were received after his resignation date because the Fund company recognizes the transaction date to be Sentra's receipt of the electronic report (September 10, 2004) which is the triggering event to allow commissions to be paid to a representative. Gurley was no longer associated with Sentra on that date.

At this point, some observations seem pertinent:

1. Gurley was aware of the arrangement that funds paid quarterly and the quarter (which contained a sizable fee) ended in August. If he had waited to resign until the electronic report was received by Sentra (the "trigger") he would have had his check in hand and there would be no dispute. To coin a phrase --- "must be present to win!"

2. Sentra acknowledges that Gurley serviced the accounts during the major portion of the quarter (to August 17, 2004) but relies on their interpretation of a certain NASD policy which would prohibit payment to one no longer affiliated (this interpretation is challenged by Gurley and perhaps appropriately so), Sentra further relies on their definition of the Fund's payment date occurring after Gurley's resignation.

3. It would be an excessive demand upon a company to require that they go through the process of prorating fees due. In my experience, this is never done.

4. It would be helpful in future if Sentra was more specific in their ICA document concerning the definition of fees, including "trails" and their disposition upon termination, resignation or death of a Registered Representative.

In reviewing the documents and in consideration of the observations noted above, it is my determination that the complaint be dismissed and that there be no award for fees and costs to either party.


Joyce L. Tyler
NASD Industry Arbitrator

September 30, 2004